



Thursday, October 19, 2006

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**Convention Center
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No 5

Subject Approve a resolution authorizing the issuance by Austin Convention Enterprises, Inc. of Convention Center Hotel revenue refunding bonds in an aggregate amount not to exceed \$325 million under specified parameters and authorizing the execution of documents necessary to effect the refunding transaction

Additional Backup Material

(click to open)

Sponsor Resolution

For More Information Robert Hodge, Director, Austin Convention Center Dept , 404-4040

Prior Council Action Authorized negotiation with hotel developer, 7/22/99, approved creation of non-profit corporation, Articles of Incorporation and Bylaws, appointment of board members, and issuance of Series 2001 Bonds pursuant to resolutions adopted on 3/2/00, 6/29/00, and 3/8/01

Austin Convention Enterprises, Inc , a Texas nonprofit public facility corporation acting on behalf of the City of Austin, issued \$109,665,000 Convention Center Hotel First Tier Revenue Bonds, Series 2001A, \$134,950,000 Convention Center Hotel Second Tier Revenue Bonds, Series 2001B, and \$20,498,811 Convention Center Hotel Third Tier Revenue Bonds, Series 2001C in June 2001. This resolution authorizes and approves the issuance of Convention Center Hotel Revenue Refunding Bonds in one or more series by Austin Convention Enterprises, Inc. to refund the outstanding Convention Center Hotel Revenue Bonds, Series 2001 originally issued to finance the construction, renovation and improvement of a hotel and garage located adjacent to the Austin Convention Center.

Favorable economic conditions, combined with the desire of ZC Specialty, the Series B bond insurer, to exit the credit enhancement market, has created the opportunity to restructure the original financing resulting in economic benefits to the City. The restructuring will provide increased debt service coverage ratios, increased funding of reserve funds, and significant cash flow savings to the hotel project.

The aggregate principal amount of the refunding will not exceed \$325,000,000 and the interest rates will not exceed 6.25%, 7.25%, and 10.5% per annum on the first, second, and third tier bonds respectively.

RESOLUTION NO _____

RESOLUTION OF THE CITY OF AUSTIN AUTHORIZING AND APPROVING THE ISSUANCE OF CONVENTION CENTER HOTEL REVENUE REFUNDING BONDS IN ONE OR MORE SERIES BY AUSTIN CONVENTION ENTERPRISES, INC. TO REFUND ITS OUTSTANDING CONVENTION CENTER HOTEL REVENUE BONDS, SERIES 2001 ORIGINALLY ISSUED TO FINANCE THE CONSTRUCTION, RENOVATION AND IMPROVEMENT OF A HOTEL AND GARAGE LOCATED ADJACENT TO THE AUSTIN CONVENTION CENTER.

WHEREAS, Local Government Code Chapter 303, as amended (the ‘Act’), authorizes and empowers the City of Austin, Texas (the ‘Sponsor’) to create a nonprofit public facilities corporation to finance public facilities (as such term is defined in the Act), and to acquire, construct, rehabilitate, renovate, repair, equip, furnish or place in service public facilities, and

WHEREAS, the Sponsor created Austin Convention Enterprises, Inc (the ‘Issuer’), a nonprofit public facilities corporation, for the specific purpose of acquiring, constructing, equipping and improving a hotel and garage located adjacent to the Austin Convention Center (the ‘Project’), of financing the costs of acquiring and improving the Project, and of operating or providing for the operation of the Project, and

WHEREAS, the Project is necessary and proper for the Sponsor and is in the public interest, and the Project is a ‘public facility’ within the meaning of the Act and is located within the boundaries of the Sponsor, and

WHEREAS, the Sponsor previously approved the issuance by the Issuer of its \$109,665,000 Convention Center Hotel First Tier Revenue Bonds, Series 2001A, \$134,950,000 Convention Center Hotel Second Tier Revenue Bonds, Series 2001B, and \$20,498,810 75 Convention Center Hotel Third Tier Revenue Bonds, Series 2001C (collectively, the Series 2001 Bonds”), and

WHEREAS, the Act and Chapter 1207 of the Texas Government Code further authorizes the Issuer to issue bonds for the purpose of refunding its outstanding bonds, including any redemption premium on such bonds, and accrued interest to the date of refunding, and

WHEREAS, the Sponsor desires that the Issuer issue its limited obligation revenue refunding bonds hereinafter described and use the proceeds of the sale thereof to refund the Series 2001 Bonds, and

WHEREAS, in order to provide funds for the Issuer to refund the Series 2001 Bonds, the Issuer proposes to issue its Convention Center Hotel Revenue Refunding Bonds in the aggregate initial principal amount of not to exceed \$325,000,000 in one or more series (the “Bonds”), pursuant to and in accordance with a resolution duly adopted by the Board of Directors of the Issuer, and

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

1 The Sponsor hereby approves the issuance by the Issuer of the Bonds in one or more series in the aggregate principal amount of not to exceed \$325,000,000. The interest rate (yield) on Issuer's Convention Center Hotel First Tier Revenue Refunding Bonds, Series 2006A shall not exceed 6.25% per annum, the interest rate (yield) on its Convention Center Hotel

Second Tier Revenue Refunding Bonds, Series 2006B shall not exceed 7.25% per annum, the interest rate (yield) on its Convention Center Hotel Third Tier Revenue Refunding Bonds, Series 2006C shall not exceed 10.5% per annum, and the maximum interest rate on the Bonds shall not exceed the rate permitted by applicable State law. The Sponsor hereby determines that the reserve funds established in connection with the Bonds are necessary and appropriate. Upon the dissolution of Issuer following payment and defeasance of all Bonds and any other obligations to be issued in the future by the Issuer for the Project, the Sponsor hereby agrees to accept all of the Issuer's rights and title in the Project, including any improvements thereon.

2 THE BONDS WILL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE SPONSOR, TRAVIS COUNTY, THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION WITHIN THE STATE OF TEXAS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSOR, TRAVIS COUNTY, THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR INTEREST THEREON. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER.

3 The actions and obligations authorized in Paragraph 1 of this Resolution shall be subject to and conditioned upon the receipt by the Issuer, on or before the date of delivery of the Bonds to the purchasers thereof (the "Closing Date"), of (a) the approving opinion of the Attorney General of the State of Texas and evidence of registration of the Bonds by the Comptroller of Public Accounts of the State of Texas, (b) the purchase price for the Bonds, (c) finalization of all documents to the satisfaction of the Issuer, and (d) such opinions, evidences, certificates, instruments or other documents as shall be requested by the Issuer's Counsel or by

Bond Counsel

4 The officers, employees and agents of the Sponsor, and each of them, shall be and each is expressly authorized, empowered and directed from time to time and at any time to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Sponsor all certificates, financing statements, instruments and other papers, whether or not herein mentioned, as they may determine to be necessarily desirable in order to carry out the terms and provisions of this Resolution and of the Bonds to be issued by the Issuer, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument or other paper

5 The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by Chapter 551, Texas Government Code, and the Act

6 This Resolution shall take effect and be in full force and effect upon and after its passage

ADOPTED October __, 2006

ATTEST _____
City Clerk

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